

Message Text

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12

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20

STR-08 CEA-02 PA-04 PRS-01 USIA-15 DRC-01 /177 W

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R 050850Z SEP 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 4363

INFO AMEMBASSY KUALA LUMPUR

USMISSION OECD PARIS

UNCLAS TOKYO 11504

1. OFFICIALS OF JAPANESE AND MALAYSIAN GOVERNMENTS EXCHANGED NOTES AUG. 26, 1974 PROVIDING FOR JAPANESE LOAN OF 36,000 MILLION YEN (120 MILLION DOLLARS AT 300 YEN/DOLLAR) TO MALAYSIA. THIS LOAN, SO-CALLED THIRD YEN LOAN, WAS FIRST PROMISED BY PM TANAKA DURING HIS VISIT TO MALAYSIA IN JAN. '74. ONE HALF OF TOTAL LOAN AMOUNT WILL BE PROVIDED BY JAPAN'S EXIM BANK AND COMMERCIAL BANKS, WITH MIXED RATE OF 5 PERCENT AND 20 YEARS' REPAYMENT (INCLUDING 7 YEARS' GRACE). REMAINING ONE HALF OF TOTAL AMOUNT WILL BE EXTENDED BY OVERSEAS ECONOMIC COOPERATION FUND. TERMS WILL BE 3.25 PERCENT AND 20 YEARS' REPAYMENT (INCLUDING 7 YEARS' GRACE). BOTH EXIM AND OECF LOANS WILL BE TIED TO PROCUREMENT IN JAPAN, AND WILL BE USED FOR PROJECTS CONTEMPLATED UNDER SECOND MALAYSIA PLAN. PROJECTS ALREADY UNDER CONSIDERATION INCLUDE SHIPYARD CONSTRUCTION, EXPANSION OF NATIONAL ELECTRIC BOARD SYSTEM, AND TEMENGGOR (SIC) DEVELOPMENT.

2. DURING CONVERSATION WITH EMBOFF AUG. 30, FONOFF REP (SEZAKI, DEPUTY DIRECTOR, FIRST ECONOMIC COOPERATION DIVISION) PROVIDED FOLLOWING ADDITIONAL INFO CONCERNING LOAN: TERM OF EXIM PORTION OF LOAN SLIGHTLY SOFTER
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THAN THOSE OF PRECEDING EXIM LOAN, WHICH WERE 5.5 PERCENT

INTEREST AND 18 YEARS' REPAYMENT INCLUDING 5 YEARS'
GRACE; TERMS OF OECF PORTION OF NEW LOAN SAME AS PRECEDING
OECF LOAN. THUS, TERMS OF ENTIRE PACKAGE OF NEW LOANS
SLIGHTLY SOFTER. UP TO 30 PERCENT OF FUNDS LOANED FOR
GIVEN PROJECT CAN BE USED FOR LOCAL COSTS. GOJ
PLANS SEND SURVEY MISSION TO MALAYSIA AROUND MID-SEPTEMBER
TO IDENTIFY ADDITIONAL SUITABLE PROJECTS.
HODGSON

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Message Attributes

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